

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company Third)	Docket #:
And Fourth Quarter 2017 Large Group)	GMCB-03-17rr
EPO/PPO Rate Filing)	

MVPHIC Health Care's Memorandum in Lieu of Hearing

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the rates as filed as recommended by its actuary, Lewis and Ellis (L&E). MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding.

This is the manual rate filing for the portfolio of MVPHIC's large group PPO/EPO products. The PPO/EPO products are high-deductible health plans (HDHPs) and non-high deductible health plans (non-HDHPs). Because of the change under the Affordable Care Act and adopted by Vermont Health Connect that groups 51-100 must now purchase through the Exchange starting in 2016, this filing will only apply to groups over 100 employees that will continue to be able to purchase these products, or groups 51-100 that would have grandfathered status and be able to remain in these products. These are all experience rated plans.

The average annual rate change for both types of plans is an increase of 5.4% for 3Q2017 over 3Q2016 rates, and an increase of 7.7% for 4Q2017 over 4Q2016 rates. This filing will affect 145 members who renew in either 3 Q or 4Q 2017. The vast majority of members in these plans renew in the first quarter of any year.

L&E recommends that the rates be approved as filed. The following is a summary of L&E's findings.

Rate Development: L&E did not recommend any changes to the proposed methodology for this filing.

Age/Gender Factor Changes: L&E found MVPHIC's factors to be reasonable and appropriate.

Medical Trend: L&E found the development of medical trend using negotiated unit cost change with providers and GMCB approved hospital budget rate changes to be reasonable and appropriate and agreed that a 0% utilization trend was reasonable.

Rx Trend: MVPHIC used Vermont specific trend factors again. MVPHIC's PBM, CVS/Caremark, provided a "best estimate" of allowed Rx trends rather than providing multiple scenarios of possible outcomes and MVPHIC relied on this estimate without modification. L&E found this to be reasonable and appropriate.

Administrative Expenses: L&E agreed with MVPHIC's use of 9.7% general administrative load, which is the same as that used in its 1Q2017 filing. MVPHIC is anticipating that enrollment in 2017 will be materially lower than in prior years and this decrease in enrollment leads to higher administrative expenses. In this filing MVPHIC for the first time reflected the GMCB bill back under 18 VSA 9374(h)(1) and the HCA bill back amount into a single projected line item of \$5.52 pmpm, which L&E found supported and reasonable. And, of note, L&E again recommended that the Board NOT reduce contribution to reserves from the 2% requested in the filing. This is due to the small size of the block and to protect MVPHIC from inherent volatility. Overall, they found the administrative expenses to be reasonable and appropriate.

Conclusion

MVPHIC asks the Board to approve the filing as recommended by L&E. L&E opined that "the filing does not produce rates that are excessive, inadequate, or unfairly discriminatory" (L&E Actuarial Analysis, April 10, 2017, page 7). Any modifications made by the Board would not be supported by anything in the record, nor have any actuarial support.

s/ Susan Gretkowski
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April 24, 2017

Certificate of Service

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Judy Henkin, General Counsel to the Green Mountain Care Board, and Lila Richardson and Kaili Kuiper, counsel of record for the Office of the Health Care Advocate, by electronic mail this 24th day of April, 2017.

s/ Susan Gretkowski
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